

HIGHLINE WATER DISTRICT
King County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. District Management Should Make Daily Deposits Of Cash Receipts

During our audit of the cash receipting process for November and December of 1993, we noted 19 of 33 sundry cash receipt items and 8 of 32 billing stub deposits were not deposited within 24 hours. This is an error rate of 57.5 percent for sundry receipts and 25 percent for the billing stub deposits. As a result of these high error rates, we expanded our audit and included April of 1994. We encountered late depositing of 20 of 22 sundry receipts and five of eight billing stub deposits. These are error rates of 90.9 percent for sundry receipts and 62.5 for billing stub deposits.

Article XI, Section 15 of the *Constitution of the State of Washington* states:

All moneys, assessments and taxes belonging to or collected for the use of any county, city, town or other public or municipal corporation, coming into the hands of any officer thereof, shall immediately be deposited with the treasurer, or other legal depository to the credit of such city, town, or other corporation respectively, for the benefit of the funds to which they belong.

In addition, RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours.

There was a change in district personnel and the new personnel were not aware sundry receipts had to be deposited daily. In addition, errors in processing the billing stubs and receipts resulted in the district management designating the cash receipts clerk as the person responsible for preparing the daily bank deposit. This contributed to the situation as this individual only works four days a week.

Though secured, when cash receipts are not deposited daily the risk of manipulation and misappropriation increases. In addition, the district is deprived of the opportunity to earn interest on the undeposited funds.

We recommend district management deposit all cash receipts, including sundry items, on a daily basis.